

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2008**

TOWNSHIP OF UNION

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-3
BASIC FINANCIAL STATEMENTS	
Government Wide Statement of Net Assets	4
Government Wide Statement of Activities	5
Governmental Fund Balance Sheet	6
Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance	7
Fiduciary Funds - Statement of Net Assets	8
Notes to the Financial Statements	9-19
SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule - General Fund	20
Budgetary Comparison Schedule - Major Fire & Cemetery Fund	21
ADDITIONAL INFORMATION	
Combining Balance Sheet - Non Major Governmental Funds	22
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds	23

INDEPENDENT AUDITOR'S REPORT

September 19, 2008

To The Township Board Members of
Union Township
Branch County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Union, Branch County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Union, Branch County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Union as of March 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2008, on our consideration of the Township of Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of an audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 20 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT DISCUSSION AND ANALYSIS

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

Union Township's financial position has remained stable and healthy over the 2007/2008 year. The Township's combined net assets increased \$56,250 from the prior year.

The Township has two major funds: General and Fire & Cemetery Funds. The General Fund supports the Township's governmental services as well as supplementing its fire and cemetery projects.

Government Wide Statements

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
<u>Assets</u>		
Current Assets	\$ 533,179	\$ 496,353
Capital Assets	<u>83,473</u>	<u>86,862</u>
Total Assets	616,652	583,215
<u>Liabilities</u>		
Current Liabilities	<u>104,116</u>	<u>126,929</u>
<u>Net Assets</u>		
Invested in Property & Equipment	75,694	76,729
Restricted for Public Safety/Cemetery	113,453	105,957
Special Assessment Districts	(16,810)	(28,880)
Unrestricted	<u>340,199</u>	<u>302,480</u>
Total Net Assets	\$ 512,536	\$ 456,286

Governmental Activities

The Township has increased its financial position, however has expended funds for improvements and repairs as needed. The Township continues to provide the citizens with dust control and seal coating for road maintenance. Road work in 2007 involved the second phase of construction and graveling of Maurer Road and construction of the approach bridge to the Stancer Road bridge which was closed due to inspection stating unsafe for operation. We also did repair the fire truck tanker.

Economic Factors and Next Year's Budget and Rates

State revenue sharing payments increased \$436 for 2007. The revenue sharing for the coming year is unsure and is really expected to decrease because of the economic decline and the budget problems within the State of Michigan. There is no significant change expected in the tax base for the coming fiscal year except for inflation.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

TOWNSHIP OF UNION
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 394,384	\$ 394,384
Investments	0	0
Receivables - net	114,348	114,348
Prepays	1,882	1,882
Long term receivables	22,565	22,565
Capital assets - net	<u>83,473</u>	<u>83,473</u>
 Total Assets	 <u>616,652</u>	 <u>616,652</u>
LIABILITIES		
Accounts payable	(16)	(16)
Accrued and other liabilities	73,788	73,788
Noncurrent Liabilities		
Due within one year	2,494	2,494
Due in more than one year	5,285	5,285
Deferred revenues	<u>22,565</u>	<u>22,565</u>
 Total Liabilities	 <u>104,116</u>	 <u>104,116</u>
NET ASSETS		
Invested in Capital Assets		
Net of related debt	75,694	75,694
Restricted For		
Public safety/Cemetery care	113,453	113,453
Special assessment districts - road and lake projec	(16,810)	(16,810)
Unrestricted	<u>340,199</u>	<u>340,199</u>
 Total Net Assets	 <u>\$ 512,536</u>	 <u>\$ 512,536</u>

TOWNSHIP OF UNION
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets		
					Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government							
General government	80,732	200	0	0	(80,532)	0	(80,532)
Public safety/Cemetery care	71,974	16,426	0	0	(55,548)	0	(55,548)
Public works	64,446	0	0	0	(64,446)	0	(64,446)
Community/Economic development	0	0	0	0	0	0	0
Recreation and culture	2,469	0	0	0	(2,469)	0	(2,469)
Total Governmental Activities	219,621	16,626	0	0	(202,995)	0	(202,995)
Total Primary Government	\$ 219,621	\$ 16,626	\$ 0	\$ 0	(202,995)	0	(202,995)
General Revenues							
Property taxes					142,706	0	142,706
State-shared revenues					95,726	0	95,726
Unrestricted investment earnings					13,933	0	13,933
Franchise fees					0	0	0
Miscellaneous					6,880	0	6,880
Transfers					0	0	0
Total General Revenues-Special Items and Transfers					259,245	0	259,245
Change in Net Assets					56,250	0	56,250
Net Assets-Beginning					456,286	0	456,286
Net Assets-Ending					\$ 512,536	\$ 0	\$ 512,536

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2008

	General Fund	Fire & Cemetery Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 321,598	\$ 42,194	\$ 30,592	\$ 394,384
Investments	0	0	0	0
Receivables - net	21,089	6,540	3,097	30,726
Due from other funds	32,069	35,455	16,098	83,622
Prepays	1,882	0	0	1,882
Total Assets	<u>376,638</u>	<u>84,189</u>	<u>49,787</u>	<u>510,614</u>
LIABILITIES				
Accounts payable	(16)	0	0	(16)
Due to other funds	36,455	0	30,208	66,663
Due to other governments	0	0	7,125	7,125
Total Liabilities	<u>36,439</u>	<u>0</u>	<u>37,333</u>	<u>73,772</u>
FUND BALANCES				
Reserved for				
Road and lake projects	0	0	(16,810)	(16,810)
Public safety/cemetery	0	84,189	0	84,189
Cemetery care	0	0	29,264	29,264
Debt service	0	0	0	0
Unreserved	340,199	0	0	340,199
Total Fund Balances	<u>\$ 340,199</u>	<u>\$ 84,189</u>	<u>\$ 12,454</u>	<u>\$ 436,842</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 83,473

Debt principal repayments and proceeds of debt are not reported on the statement of activities. (7,779)

Net Assets of Governmental Activities \$ 512,536

TOWNSHIP OF UNION
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2008

	General Fund	Fire & Cemetery Fund	Non-Major Funds	Total Governmental Funds
Revenues				
Taxes and penalties	71,540	51,971	19,195	142,706
Licenses and permits	0	0	0	0
State aid	95,726	0	0	95,726
Charges for services	200	16,426	0	16,626
Interest and rentals	11,353	1,330	1,250	13,933
Other revenue	6,880	0	0	6,880
Total Revenues	185,699	69,727	20,445	275,871
Expenditures				
Current				
General government	80,144	0	0	80,144
Public safety/cemetery care	0	67,051	1,624	68,675
Public works	57,321	0	7,125	64,446
Health and welfare	0	0	0	0
Recreation and cultural	2,469	0	0	2,469
Community/Economic developme	0	0	0	0
Debt Service	0	0	2,852	2,852
Capital outlay	0	0	0	0
Total Expenditures	139,934	67,051	11,601	218,586
Excess of Revenues Over Expenditures	45,765	2,676	8,844	57,285
Other Financing Sources (Uses)				
Transfers in	0	5,194	2,852	8,046
Transfers (out)	(8,046)	0	0	(8,046)
Proceeds from debt	0	0	0	0
Total Other Financing (Uses)	(8,046)	5,194	2,852	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	37,719	7,870	11,696	57,285
 Fund Balance - April 1, 2007	 302,480	 76,319	 758	 379,557
 Fund Balance-March 31, 2008	 <u>\$ 340,199</u>	 <u>\$ 84,189</u>	 <u>\$ 12,454</u>	 <u>\$ 436,842</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF UNION
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2008

	Agency Fund Type (Winter Tax Collection Fund)	Agency Fund (Summer Tax Collection Fund)
ASSETS		
Cash and cash equivalents	\$ 16,953	\$ 6
Total Assets	<u>\$ 16,953</u>	<u>\$ 6</u>
LIABILITIES		
Due to other funds	\$ 16,953	\$ 6
Due to other governmental units	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 16,953</u>	<u>\$ 6</u>

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Union, Branch County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Union conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire & Cemetery Fund is a Special Revenue Fund of the Township. This Fund is used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for the fire and cemetery.

The government reports three non-major fund types:

The cemetery trust fund earns interest to be spent on grave site care. The special assessment lake and road pavings funds account for two districts that are legally restricted for lake clean up and road paving projects approved by its residents residing in these districts.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Union does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Summer and Winter Tax Collection Funds are Fiduciary Funds accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each July for State Education Tax, and on each December 1 on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the following respective period, at which time penalties and interest are assessed.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets, less related debt.

Capitalized Asset Costs	\$ 230,313
Less Accumulated Depreciation	<u>(146,840)</u>
Capital Assets, net	83,473
Less Related Debt	<u>(7,779)</u>
Governmental Fund Balances	<u>436,842</u>
Net Assets of Governmental Activities	<u>\$ 512,536</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has one fund balance deficit at this time. The special assessment road paving project will collect taxes over two remaining years to repay the General Fund for current year costs to pave the district.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Government</u>
Cash and Cash Equivalents	\$ 394,384	\$ 394,384

The breakdown between deposits and investments is as follows:

	<u>Total Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 394,384
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 394,384</u>

The bank balance of the primary government's deposits is \$394,384 of which \$300,000 is covered by federal depository insurance.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds			
	General Fund	Fire & Cemetery Fund	Non-Major & Other Funds	Total
Taxes receivable	\$ 6,574	\$ 6,540	\$ 3,097	\$ 16,211
State share revenues receivable	14,515	0	0	14,515
Due from other funds	32,069	35,455	16,098	83,622
Less: allowance for uncollectibles	0	0	0	0
Net Receivables	<u>\$ 53,158</u>	<u>\$ 41,995</u>	<u>\$ 19,195</u>	<u>\$ 114,348</u>

* 2007 Winter tax receivable balances are received from the Branch County revolving tax collection fund within 60 days of the fiscal year end.

* State revenue share receivable reflects the constitutional and statutory sales tax for March and April 2008. Provision is according to state guidelines, allowing six revenue payments in the fiscal period.

* Due from other funds: Tax collection funds are due to funds for resolution of tax balances. The special assessment paving projects owes the General Fund for the prepayment of completed work. The General Fund owes the Fire/Cemetery fund for collection of current taxes held in General Fund accounts for use in the coming new fiscal year.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 74,940	\$ 0	\$ 0	\$ 74,940
Construction in Progress	0	0	0	0
Subtotal	74,940	0	0	74,940
Capital Assets Being Depreciated				
Buildings	49,367	0	0	49,367
Land Improvements	6,012	0	0	6,012
Machinery and equipment	27,602	0	0	27,602
Fire Trucks	72,392	0	0	72,392
Subtotal	155,373	0	0	155,373
Less Accumulated Depreciation for				
Buildings	49,367	0	0	49,367
Land Improvements	802	400	0	1,202
Machinery and equipment	25,690	589	0	26,279
Fire Trucks	67,592	2,400	0	69,992
Subtotal	143,451	3,389	0	146,840
Net Capital Assets Being Depreciated	11,922	(3,389)	0	8,533
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$ 86,862</u>	<u>\$ (3,389)</u>	<u>\$ 0</u>	<u>\$ 83,473</u>

The Township assets have been evaluated according to GASB 34 guidelines. The Township owns cemetery property and a township hall where historical dates and cost values were known or estimated. Generally, these assets are fully depreciated, as applicable, with unknown salvage values. The most recent asset acquisitions are recorded and depreciated.

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 589
Public safety/cemetery	2,800
Public works	0
Economic development	0
Recreation and culture	0
Total Governmental Activities	<u>\$ 3,389</u>

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds				
<u>Receivable Fund</u>		<u>Payable Fund</u>		<u>Amount</u>
General	\$ 1,861	Tax Collection Funds	\$	1,861
Fire & Cemetery Fund	35,455	General		35,455
Spec Assess - Lake	1,000	General		1,000
General	1,328	Cemetery Perp Fund		1,328
General	28,880	Spec. Assess - Road Paving		28,880
Spec Assess - Road	9,723	Tax Collection		9,723
Spec Assess - Lake	<u>5,375</u>	Tax Collection		<u>5,375</u>
Total	<u>\$ 83,622</u>			<u>\$ 83,622</u>

Receivable account balances: Tax collection balances are due the General fund for final settlement of general tax liability. Current year special assessment activity is settled following year end.

Balances due the General Fund from the Cemetery perpetual fund and Special Assessment road paving funds represent timing differences in projects/payments. The Paving project reimbursements will be complete in two years.

Interfund Transfers

<u>Transfers Out</u>	<u>Transfers (In)</u>			<u>Total</u>
	<u>General Fund</u>	<u>Fire & Cemetery Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ 0	\$ 5,194	2,852	\$ 8,046
Non-Major Governmental Funds	0	0	0	0
Total	<u>\$ 0</u>	<u>\$ 5,194</u>	<u>\$ 2,852</u>	<u>\$ 8,046</u>

Current year fire and cemetery services are funded by prior year tax collections and support from the General Fund. The transfers out from the General Fund represent the contributions made to continue fire and cemetery services in the township that are not paid for by the tax levy alone.

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 8 - SPECIAL REVENUE FUND - FIRE & CEMETERY

The Township voters approved a millage which provides tax funds for the special purpose to fund fire protection services and cemetery care. There is no break out proportion for the separate uses.

Fire Safety costs of \$28,210 and cemetery care expenditures of \$38,841 were offset by tax collections of \$51,971 and cemetery charges of \$16,426. The General Fund contributes remaining resources to support this function.

Land was purchased for cemetery use in July 2005. The total cost of \$51,939 was funded by a CD balance held for this purpose and a loan borrowed from a local bank of \$12,494. This loan is being paid back over a five (5) year period.

Part of the 2006 winter tax collections are being held in the General Fund cash account to fund cemetery and fire functions in the 2007/2008 fiscal year. This balance is \$35,455.

NOTE 9 - LIBRARY SERVICES

The Township building is utilized by the local Library association in exchange for a no-charge Library contract. The Township maintains the building as its only cost for these services.

NOTE 10 - LONG TERM DEBT FOR CEMETERY LAND PURCHASE

The Township has borrowed from a local bank a total of \$12,494 to be repaid over a five (5) year term at 4.58% annual interest. Annual payment requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$2,494	\$358	\$ 2,852
2009	2,608	244	\$ 2,852
2010	<u>2,728</u>	<u>124</u>	\$ <u>2,852</u>
Total requirements	\$ 7,830	\$ 726	\$ 8,556

**TOWNSHIP OF UNION
BRANCH COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

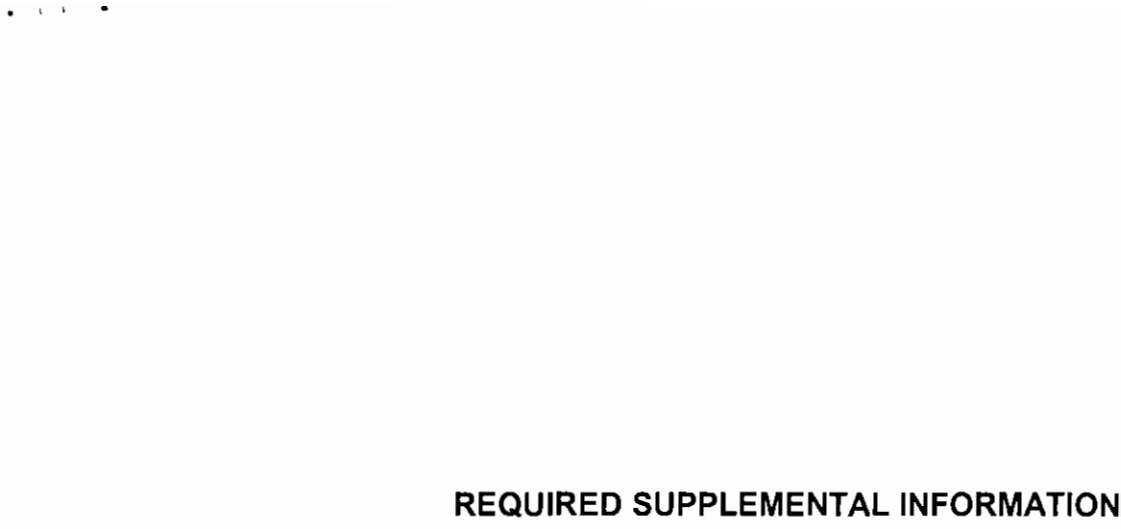
NOTE 11 - SPECIAL ASSESSMENT DISTRICTS

New special assessment districts were created in the recent fiscal year. Lake clean up services are being collected and paid directly to Sherwood Township for the full performance of this task. Levied for this purpose was a total of \$12,070 for this fiscal year.

The road paving project on Day/Thomas Road was approved in 2004 and began in 2005. The paving was completed during the prior fiscal year with total costs of \$52,479 expended. This was paid by the General Fund and the special assessment's first year collections of \$10,496. The special assessment will be levied to property owners over a remaining two (2) year period. Timing of this project creates a current \$16,810 deficit fund balance. This will be resolved in the following manner:

Total costs of:	\$52,479	
Tax levies 05-06	(23,091)	
Tax levied 2007	(12,070)	
2008-2009 levies	<u>(22,565)</u>	
Remaining balance of:	\$ 5,247	due to General Fund for interest on prepaid project.

A deficit reduction plan has been filed with the State of Michigan, and approved for this project. The plan is progressing on time and as planned. The deficit fund balance will be resolved in the fiscal year ending March 31, 2010.



REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF UNION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 302,480	\$ 302,480	\$ 302,480	\$ 0
Resources (Inflows)				
Property taxes	62,241	62,241	71,541	9,300
State aid	88,500	88,500	95,726	7,226
Licenses and permits	0	0	0	0
Charges for services	300	300	200	(100)
Interest and rentals	6,000	6,000	11,354	5,354
Miscellaneous revenues	4,900	4,900	6,880	1,980
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	464,421	464,421	488,180	23,759
Charges to Appropriations (Outflows)				
General government				
Township board	12,500	12,500	16,774	(4,274)
Supervisor	9,000	9,000	8,168	832
Finance	3,000	3,000	2,950	50
Board of Review	1,500	1,500	1,260	240
Treasurer	18,000	18,000	17,166	834
Assessing	16,000	16,000	13,902	2,098
Clerk	12,000	12,000	13,317	(1,317)
Elections	7,000	7,000	2,598	4,402
Buildings and grounds	5,000	5,000	4,008	992
Public Safety	0	0	0	0
Public Works	59,189	61,289	57,321	3,968
Recreation and culture	4,750	4,750	2,469	2,281
Capital outlay	0	0	0	0
Transfers to other funds	9,000	9,000	8,047	954
Total Charges to Appropriations	156,939	159,039	147,982	11,057
Budgetary Fund Balance-March 31	<u>\$ 307,482</u>	<u>\$ 305,382</u>	<u>\$ 340,199</u>	<u>\$ 34,817</u>

**TOWNSHIP OF UNION
BUDGETARY COMPARISON SCHEDULE
MAJOR FIRE & CEMETERY FUND
YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 76,319	76,319	76,319	0
Resources (Inflows)				
Property taxes	49,498	49,498	51,971	2,473
State aid	0	0	0	0
Charges for services	15,000	15,000	16,426	1,426
Interest and rentals	0	0	1,330	1,330
Miscellaneous revenues	0	0	0	0
Transfers from other funds	<u>6,000</u>	<u>6,000</u>	<u>5,194</u>	<u>(806)</u>
Amounts Available for Appropriation	146,817	146,817	151,241	4,424
Charges to Appropriations (Outflows)				
Fire & Cemetery services	89,500	89,500	67,052	22,448
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Charges to Appropriations	<u>89,500</u>	<u>89,500</u>	<u>67,051</u>	<u>22,449</u>
Budgetary Fund Balance-March 31	<u>\$ 57,317</u>	<u>\$ 57,317</u>	<u>\$ 84,190</u>	<u>\$ 26,873</u>

ADDITIONAL INFORMATION

**TOWNSHIP OF UNION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008**

	Debt Service Fund	Cemetery Trust Fund	Special Assessment Funds		Total Non-Major Governmental Funds
			Day/Thomas Road Funds	Lake Fund	
Assets					
Cash and cash equivalents	\$ 0	\$ 30,592	\$ 0	\$ 0	\$ 30,592
Investments	0	0	0	0	0
Receivables - net	0	0	2,347	750	3,097
Due from other funds	0	0	9,723	6,375	16,098
Total Assets	\$ 0	\$ 30,592	\$ 12,070	\$ 7,125	\$ 49,787
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ 0	0	\$ 0	\$ 0	\$ 0
Due to other funds	0	1,328	28,880	0	30,208
Due to other governments	0	0	0	7,125	7,125
Total Liabilities	0	1,328	28,880	7,125	37,333
Fund Balance					
Reserved	0	29,264	(16,810)	0	12,454
Unreserved	0	0	0	0	0
Total Fund Equity	0	29,264	(16,810)	0	12,454
Total Liabilities and Fund Equity	\$ 0	\$ 30,592	\$ 12,070	\$ 7,125	\$ 49,787

TOWNSHIP OF UNION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008

	Debt Service Fund	Cemetery Trust Fund	Day/Thomas Road Fund	Lake Fund	Non-Major Governmental Funds
Revenues					
Taxes and penalties	0	0	12,070	7,125	19,195
Interest	0	1,250	0	0	1,250
Other income	0	0	0	0	0
Total Revenues	<u>0</u>	<u>1,250</u>	<u>12,070</u>	<u>7,125</u>	<u>20,445</u>
Expenditures					
Current					
Road projects	0	0	0	0	0
Lake clean up	0	0	0	7,125	7,125
Debt service	0	0	0	0	0
Principal	2,354	0	0	0	2,354
Interest	498	0	0	0	498
Cemetery services	0	1,624	0	0	1,624
Total Expenditures	<u>2,852</u>	<u>1,624</u>	<u>0</u>	<u>7,125</u>	<u>11,601</u>
Excess of Revenues Over (Under) Expenditure	<u>(2,852)</u>	<u>(374)</u>	<u>12,070</u>	<u>0</u>	<u>8,844</u>
Other Financing Sources (Uses)					
Operating transfers in	2,852	0	0	0	2,852
Operating transfers (out)	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>2,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,852</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>0</u>	<u>(374)</u>	<u>12,070</u>	<u>0</u>	<u>11,696</u>
Fund Balance-April 1, 2007	<u>0</u>	<u>29,638</u>	<u>(28,880)</u>	<u>0</u>	<u>758</u>
Fund Balance-March 31, 2008	<u>\$ 0</u>	<u>\$ 29,264</u>	<u>\$ (16,810)</u>	<u>\$ 0</u>	<u>\$ 12,454</u>

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
American Institute of Certified
Public Accountants (AICPA)

Michigan Association of Certified
Public Accountants (MACPA)

424 WESTERN AVENUE, SUITE A
ALLEGAN, MICHIGAN 49010

STEVEN K. ANGLE, CPA
THERESA E. STEFFES, CPA, CGFM

Ph: (269) 686-9050
Fax: (269) 686-9056
email: mail@anglesteffes.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

September 19, 2008

Township of Union
Township Board Members
Branch County, MI

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Union, Branch County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 19, 2008. We conducted our audit on accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Union's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Union, Branch County, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Union, Branch County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We note certain matters for management's attention and improvement, those control deficiencies that are not considered significant deficiencies or material weaknesses involving internal control:

Uninsured Funds

The FDIC's regulations govern the insurance coverage of public units' accounts. The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same bank within the State are added together and insured up to \$100,000. Separately, all demand deposits owned by the public unit and held by the same bank within the State are added together and insured up to an additional \$100,000. The Township maintains demand and savings deposits in multiple banks totaling \$394,384 as of March 31, 2008. Of these funds, \$94,384 is uninsured by the FDIC. The Township primarily utilizes two banks, however, and we recommend that additional Michigan banks be utilized to cover Township funds in FDIC insured accounts, spreading funds in demand and savings accounts as appropriate.

Budgetary Oversight


We noted budget variances in the General Fund activity. The following accounts exceeded budget provisions:
General Fund:

General Government:	Budget	Actual
Township Board	\$12,500	\$16,774
Clerk	\$12,000	\$13,317

We recommend close review of the budget, quarterly review and reporting, to maintain control over expenditures.

This report is intended solely for the information and use of management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,


Angle & Steffes, P.C.
Certified Public Accountants
Allegan, Michigan